

MKHAMBATHINI LOCAL MUNICIPALITY
2013/ 2014
DRAFT ANNUAL REPORT

‘FOR THE COMMUNITY’

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Legislative

Section 121 of the Local Government: Municipal Finance Management Act 56 of 2003 (MFMA) stipulates that “

Every municipality and every municipality entity must for each financial year prepare an annual report in accordance with this Chapter. The council of a municipality must within nine months after the end of a financial year deal with the annual report of the municipality and of any municipal entity under the municipality’s sole or shared control in accordance with section 129. The purpose of an annual report is-

To provide a record of activities of the municipality or municipal entity during the financial year to which the report relates;

To provide a report on performance against the budget of the municipality or municipal entity for that financial year; and

To promote accountability to the local community for the decision made throughout the year by the municipality or municipality entity

The annual report of the municipality must include-

- ✓ *The annual financial statements of the municipality, and in addition, if section 122 (2) applies, consolidated annual financial statements, as submitted to the Auditor General for audit in terms of section 126 (1);*
- ✓ *The Auditor General report in terms of section 126 (3) on those financial statements.*
- ✓ *The annual performance report of the municipality prepared by the municipality in terms of section 46 of the Municipal System Act;*
- ✓ *The Auditor General’s audit report in terms of section 45 (b) of the Municipal Systems Act.*

- ✓ *An assessment by the municipality 's accounting officer of any arrears on municipal taxes and service charges;*
- ✓ *An assessment by the municipality's accounting officer of the municipality's performance against the measurable performance objectives referred to in section 17 (3) (b) for revenue collection from each revenue sources and for each vote in the municipality's approved budget for the relevant financial year;*
- ✓ *Particulars of any corrective action taken or to be taken in response to the issues raised in the audit reports referred to in paragraphs (b) and (d)*
- ✓ *Any explanation that maybe necessary to clarify issues that in connection with the financial statements;*
- ✓ *Any information as determined by the municipality;*
- ✓ *Any recommendations of the municipality's audit committee; and*
- ✓ *Any other information as may be prescribed.*
- ✓ *The annual report of a municipal entity must include-*
- ✓ *The annual financial statements of the entity as submitted to the Auditor General for audit in terms of section 126 (2) on those financial statements*
- ✓ *The Auditor General's audit report in terms of section 126 (3) on those financial statements;*
- ✓ *An assessment by the entity's accounting officer of any arrears on those financial statements;*
- ✓ *An assessment by the entity's accounting officer of the entity's performance against any measurable performance objectives set in terms the service delivery agreement or other agreement between the entity and its parent municipality*
- ✓ *Particulars of any corrective action taken or to be taken in response to issues raised in the audit report referred to in paragraph (b);*
- ✓ *Any information as determined by the entity or its parent municipality;*
- ✓ *Any recommendations of the audit committee of the entity or its parent municipality; and*
- ✓ *Any other information as may be prescribed."*

GLOSSARY OF TERMS

AG	-	Auditor-General
BEE	-	Black Economic Empowerment
COGTA	-	Co-operative Governance and Traditional Affairs
DBSA	-	Development Bank of South Africa
DAERD	-	Department of Agriculture, Environmental Affairs and Rural Development
DME	-	Department of Minerals and Energy
DOE	-	Department of Education
DOH	-	Department of Housing
DORA	-	Division of Revenue Act
DOT	-	Department of Transport
DWAF	-	Department of Water Affairs and Forestry
EPWP	-	Extended Public Works Programme
GIS	-	Geographical Information System
HIV/AIDS	-	Human Immunodeficiency Virus/Acquired Immunodeficiency Syndrome
ICT	-	Information Communication Technology <i>also referred to as IT</i>
IDP	-	Integrated Development Plan
IDP RF	-	Integrated Development Plan Representative Forum
IWMP	-	Integrated Waste Management Plan
KPI	-	Key Performance Indicator
KZN	-	KwaZulu-Natal
LED	-	Local Economic Development
LRAD	-	Land Redistribution for Agricultural Development
MEC	-	Member of the Executive Council (Local Government and Traditional Affairs)
MFMA	-	Municipal Finance Management Act No. 56 of 2003
MIG	-	Municipal Infrastructure Grant
MPAC	-	Municipal Public Accounts Committee

MTCF	-	Medium-term Capital Framework
MTEF	-	Medium-Term Expenditure Framework
MTSF	-	Medium-Term Strategic Framework
NHBRC	-	National Home Builders Registration Council
NSDP	-	National Spatial Development Perspective
NWMS	-	National Waste Management Strategy
PSEDS	-	Provincial Spatial Economic Development Strategies
PGDS	-	Provincial Growth and Development Strategy
PMS	-	Performance Management System
PIMS	-	Planning, Implementation and Management System
PMS	-	Performance Management System
PPP	-	Public-Private Partnership
RDP	-	Reconstruction and Development Programme
RSC	-	Regional Service Centre
SCOPA	-	Standing Committee on Public Accounts
SDBIP	-	Service Delivery and Budget Implementation Plan
SDP	-	Site Development Plan
SCM	-	Supply Chain Management
SMME	-	Small, Medium and Micro Enterprise
TA	-	Tribal Authority
WSB	-	Water Services Backlog

CHAPTER 1 – MAYOR’S FOREWORD AND EXECUTIVE SUMMARY



Foreword: By Her Worship the Mayor Cllr T Maphumulo

Section 127 (2) of the Local Government: Municipal Finance Management Act, 56 of 2004 (MFMA), the Mayor of a Municipality must, within seven months after the end of the financial year, table in the Municipal Council the Annual Report of the Municipality and of any Municipal Entity under the Municipality’s sole or shared control.

XXX This section will be finalised once the 2013/2014 audit is finalised by the office of the Auditor General .

CLLR T.E. Maphumulo

HER WORSHIP THE MAYOR

MUNICIPAL MANAGERS OVERVIEW



As the Accounting Officer, I am privileged to have this opportunity in presenting the Annual Report of Mkhambathini Local Municipality for the 2012/2013 financial year.

This Annual Report represents a record of the institution's service delivery efforts and initiatives over the review period, in order to improve overall efficiency and effectiveness in municipal activities.

The institution is committed to render quality services to the communities of Mkhambathini Local Municipality and to expedite delivery and broaden access to the basic services previously denied them. These services are rendered in terms of the Municipality's key strategic planning tool, namely its Integrated Development Plan (IDP), which ensures close co-ordination and integration between projects, programmes, activities and resources, both internally (between clusters and directorates) and externally (with other spheres of government). The IDP ultimately enhances integrated service delivery and development, and promotes sustainable integrated communities, providing a full basket of services.

And therefore this report will give our community a substantial insight into the workings of Mkhambathini Local Municipality.

Lastly, it is also necessary to mention that we have tried to adhere to the principles of good governance as we believe that good governance is integral to economic growth, the eradication of poverty and for the sustainable development of the community we serve. We table this report in the spirit of Batho Pele, putting our people and communities first, and this report bears our testimony to our commitment for setting platforms to achieving more desired outcomes for the years ahead.

I would like to record my sincere appreciation for the efforts and hard work of the Mayor, Members of the Executive Committee, Councillors and Staff of Mkhambathini Local Municipality, without which the service delivery progress reported in this Annual Report would not have been possible. Their commitment and dedication, in the face of constraints and challenges, to serving the communities of Mkhambathini Local Municipality is commendable.

MR D A PILLAY
Municipal Manager

VISION

By the Year 2020 Mkhambathini will be a sustainable developmental municipality with improved quality of life for its entire people in areas of basic services, social, economic and environmental development.

MISSION STATEMENT

Mkhambathini Municipality commits itself to the following:

- *Upholding our leadership vision;*
- *Working with integrity in an accountable manner towards the upliftment of the community;*
- *Protecting and enhancing the interest of our clients at all times*
- *Consistently performing our function with transparency honesty and dedication in dealing with clients;*
- *Responding promptly to the needs of our clients;*
- *Subscribing to the Batho Pele principles*

Development Goals

The following long term development goals have been identified based on the below performance areas:

- *To build an efficient and sustainable local government structure;*
- *To promote an equitable access to infrastructure and basic services;*
- *To create a condition conducive to economic development;*

- *To promote sustainable social and economic development;*
- *To create a spatial framework that facilitate an equitable distribution of development;*
- *To promote sustainable and integrated land use pattern.*

MUNICIPAL FUNCTIONS, MANDATE, POPULATION AND ENVIRONMENTAL OVERVIEW

MUNICIPAL FUNCTIONS

In terms of section 84 of the Local Government: Municipal Structures Act No. 117 of 1998, the Mkhambathini Local Municipality has the following powers and functions:

- Integrated Development Planning;
- Solid waste disposal;
- Regulation of passenger transport services;
- The establishment, conduct and control of fresh produce markets and abattoirs;
- The establishment, conduct and control of cemeteries;
- Promotion of local tourism for the area;
- The imposition and collection of taxes, levies and duties as related to the above functions;
- Municipal roads;
- Municipal public works relating to any of the above functions.

MANDATES

The legislative mandates exercised by the municipality in terms of the local government legislative framework are as follows:

- Local Government: Municipal Structures Act, 117 of 1998;
- Local Government: Municipal Systems Act, 32 of 2000;
- Local Government: Municipal Finance Management Act, 56 of 2003;
- Local Government: Municipal Planning and Performance Management Regulation, 2001;
- Local Government: Municipal Property Rates Act, 6 of 2004;
- Local Government: Municipal Performance Regulations for Municipal Managers and Managers directly accountable to the Municipal Manager, 2006;
- Local Government: Development Facilitation Act;
- Local Government: Municipal Demarcation Act, 27 of 2008;
- Disaster Management Act, 57 of 2002;
- Intergovernmental Relations Framework Act, 13 of 2005;
- Remuneration of Public Office Bearers Act, 20 of 1998;
- Organised Local Government Act, 52 of 1997;

Supporting mandates

- The Constitution of the Republic of South Africa, 1996;
- White Paper on Transforming Public Service Delivery (Batho Pele), 1997
- White Paper on Service Delivery.

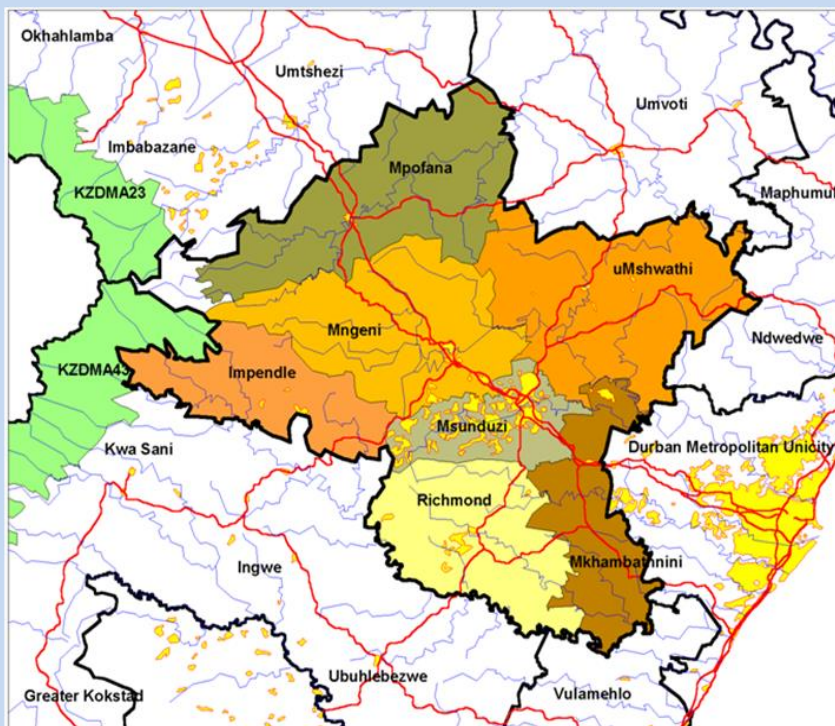
POPULATION AND DEMOGRAPHICS

GEOGRAPHIC AND DEMOGRAPHIC PROFILE

Mkhambathini Local Municipality was established in terms of Section 155(1) (b) of the Constitution of the Republic of South Africa (1996) following the 2000 local government elections. It is one of the seven (7) category B municipalities comprising UMgungundlovu District Municipality. It shares municipal executive and legislative authority with UMgungundlovu District Municipality.

Mkhambathini Local Municipality is situated along the southern-eastern periphery of UMgungundlovu District Municipality and adjoins Richmond and Msunduzi Local Municipalities to the west, uMshwathi Local Municipality to the north and Durban/eThekweni Metropolitan area to the east, the Camperdown area is only 30 minutes away from Durban's international airport and Africa's busiest harbour.

Agricultural production centres on vegetables grown for local and hinterland fresh produce markets, maize and sugar cane (processed through a mill at Eston). The area features the second highest concentration of poultry producers in the world, supported by a network of service suppliers, as well as pig and beef farming. Tourism is centred on African experiences, with attractions such as the Tala Game Reserve, Nagle Dam and Umgeni Valley.



uMgungundlovu District is comprised of seven local municipal entities as reflected in the map. These include:

- KZ221 – Umshwathi
- KZ222 – Umgeni
- KZ223 – Mpofana
- KZ224 – Impendle
- KZ225 – Umsunduzi
- KZ226 – Mkhambathini
- KZ227 – Richmond

POPULATION

The total size of Mkhambathini Local Municipality population is estimated at 63 142 people. Further details pertaining to the population are reflected in the tables below:

Ward 1	12889
Ward 2	9213
Ward 3	6785
Ward 4	8720
Ward 5	10859
Ward 6	6378
Ward 7	8298

In terms of 2011 Census Survey, Mkhambathini Municipality has a total of 63142 people. Out of this number, statistics show that 31 396 voters were registered as at June 2012 (IEC Statistics). These can be broken down as follows:

- A. Ward 1: 5715 Voters
- B. Ward 2: 5321 Voters
- C. Ward 3: 3563 Voters
- D. Ward 4: 4821 Voters
- E. Ward 5: 3743 Voters
- F. Ward 6: 4047 Voters
- G. Ward 7: 4186 Voters

Total Population within uMgungundlovu District

Municipality	Population in number	Population in %
DC22 uMgungundlovu	1 017 763	9.6% of province
KZN221 Umshwati	106 374	11% of district
KZN225 Msunduzi	618 536	61% of district
KZN222 uMngeni	92 710	9% of district
KZN223 Mpofana	38 103	4% of district
KZN224 Impendle	33 105	3% of district
KZN226 Mkhambathini	63 142	6% of district
KZN227 Richmond	65 793	5% of district

Source: *Census 2011*

Population Grouping

Population Groups	Black African %	Coloured %	Indian/Asian %	White %	Total
Census 2011	94.8%	0.3%	1.0%	3.7%	100%

Population Groupings by Age

Age by Gender - Census 2011

Age Group	Male	Female	Total Age Group
0-4	3677	3720	7397
5-9	3208	3143	6351
10-14	3174	3085	6259
15-19	3441	3306	6747
20-24	3423	3395	6818
25-29	3011	3108	6119
30-34	2186	2306	4492
35-39	1805	1969	3774
40-44	1366	1656	3022
45-49	1237	1609	2846
50-54	955	1331	2286
55-59	961	1194	2155
60-64	773	1042	1815
65-69	459	625	1084
70-74	255	528	783
75-79	152	333	486
80-89	119	305	424

85+	67	216	284
Total	30270	32872	63142

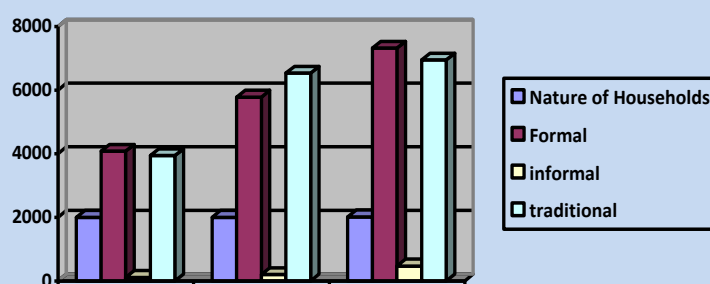
Households Census 2011

Number of Households
14964

Dwelling Type (Census 2001-2011)

Nature of Households	1996	2001	2011
Formal	4073	5779	7316
informal	106	194	464
traditional	3936	6534	6948

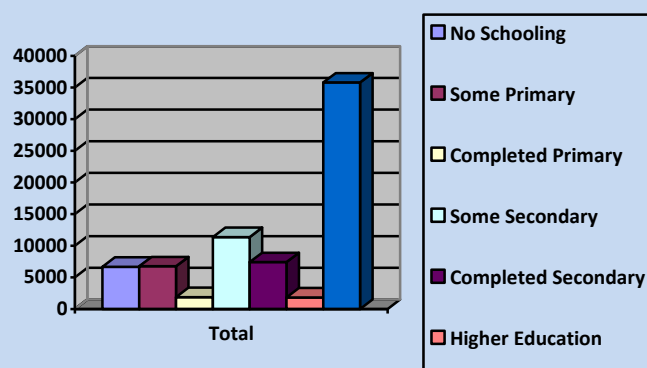
Graphical Household information



Level of Education (Census 2011) All Ages

Group	Total
No Schooling	6657
Some Primary	6725
Completed Primary	1869
Some Secondary	11361
Completed Secondary	7389
Higher Education	1796
Total	35796

Graphical Level of Education



SERVICE DELIVERY OVERVIEW

SOURCE	PROJECT	AMOUNT	Expected Time for Completion
MIG	Tala Valley(Cosmo) Road Construction	R 1 638 797.55	Completed
MIG	Construction of Matigulu Gravel Road	R 2 031 749.51	Abandoned at 60% completion
MIG	Senzakahle Hall	R 2 136 337.33	Completed
MIG	Mgwenya Creche	R 1 077 199.19	Completed
MIG	Mbungwini Hall	R 2 132 031.49	Completed
MIG	Emangweni Creche	R 976 857.34	Completed
MIG	Upgrade of Maqongqo Sportfield	R 3 332 663.18	In progress (70%)
MIG	Egxezi Access Road	R 1 472 267.14	Completed

RURAL ELECTRIFICATION SCHEDULE 6 GRANT FROM DEPARTMENT OF ENERGY

Allocation: R7 000 000.00

Sites: 496 Household Connections in all of Ward 1(Maqongqo Area) parts of Ward 2 and 3.

Status: All works completed only waiting for ESKOM to supply meters and energize the whole area.

LOW-COST SUBSIDISED RURAL HOUSING PROJECTS IN PROGRESS

- i. Maqongqo Housing Project : Ward 1
- ii. Mbambangalo Housing Project : Wards 1, 2 and 3
- iii. KwaMahleka Housing Project : Ward 5
- iv. Njobokazi Housing Project : Ward 4
- v. Sukuma Sakhe Projects : Ward 7 but scattered throughout Municipal area depending on need

Challenges

- i. Housing projects blocked because of land issues e.g. Poortjie

- ii. Small Basic Infrastructure Grants like MIG (projects take long to complete).
- iii. Sector Departments not getting enough grants e.g. ESKOM not able to upgrade substations.
- iv. Sector Departments not coming to the party e.g. ESKOM take ages to supply meters.
- v. Insufficient Staff e.g. PMU Technician for MIG Projects

The Municipality has put together a plan to fast track the completion of the projects that are currently not complete.

FINANCIAL HEALTH OVERVIEW

Table 1 : Billing Sample for June 2013

Rates Collection Billing for June 2014	
Billing	
Collection	
Net- Effect	
Overall Percentage	

STATUTORY ANNUAL REPORT PROCESS

Item	Activity	Time Frame
1	Consideration of next financial year's Budget and IDP process plan. Except for the legislative content, the process plan should confirm in-year reporting formats to ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the end of the Budget/IDP implementation period.	July
2	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting).	
3	Finalise 4 th quarter Report for previous financial year	
4	Submit draft Annual Report to Internal Audit and Auditor-General	
5	Municipal entities submit draft annual reports to MM	
6	Audit/Performance committee considers draft Annual Report of municipality and entities (where relevant)	August
8	Mayor tables the unaudited Annual Report	
9	Municipality submits draft Annual Report including consolidated annual financial statements and performance report to Auditor General.	
10	Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase	
11	Auditor General assesses draft Annual Report including consolidated Annual Financial Statements and Performance data	September - October
12	Start to address the Auditor General's Findings	November

13	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor- General's Report	December
14	Audited Annual Report is made public and representation is invited	
15	Oversight Committee assesses Annual Report	
16	Council adopts Oversight report	
17	Oversight report is made public	
18	Oversight report is submitted to relevant provincial councils	
19	Commencement of draft Budget/ IDP finalisation for next financial year. Annual Report and Oversight Reports to be used as input.	January

CHAPTER 2 - GOVERNANCE

Governance at Mkhambathini Local Municipality is made up of Political & Administrative Governance, Inter-governmental Relations, and Public Accountability & Participation along with Corporate Governance. Political & administrative governance is the breakdown of Elected Councillors, the committees they sit on, & the number of meetings they attend. It further looks at the administrative aspect of the municipality in terms of the organizational structure being implemented and a distinction made of the business units and their respective functions. Intergovernmental relations is basically the relationship that the municipality forges with other sector departments in order to carry out day to day activities, like National Treasury, the Auditor General & the provincial Department of CoGTA. Public accountability is the way the Municipality operates with regards to the communities by way of holding community meetings, Izimbizo's and the process of ward committees dealing with issues within the wards. Corporate governance looks at issues of transparency and accountability whereby the municipality outlines its top risks, and also the way in which they run the supply chain management unit. Together these important aspects intertwine and are forged so as to ensure all aspects of the municipality are properly functioning and that communities receive quality services at an affordable price.

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

The Council of Mkhambathini Local Municipality is the highest decision making authority of the Municipality. It guides and instructs the administrative component, which implements the decisions taken by the political component.

POLITICAL GOVERNANCE

Mkhambathini Local Municipality has several portfolio committees of which the Full Council, Executive Committee, Municipal Public Accounts Committee and the Oversight Committee, Audit Committee attached to the municipality that provides opinions and recommendations on financial processes and performance and provides comments to the Oversight Committee on the Annual Report. The municipality has established an Oversight Committee, with the specific purpose of providing Council with comments and recommendations on the Annual Report.

POLITICAL AND ADMINISTRATIVE GOVERNANCE

Political Governance

Mkhambathini Municipality is governed by its Council which seeks to oversee that the needs of the people are taken care of. The Constitution of the Republic of South Africa, 1996, Chapter 7, Section 160 (1) defines the role of Council as being:

- (a) (making) decisions concerning the exercise of all the powers and the performance of all the functions of the municipality;
- (b) (electing) its chairperson;
- (c) (electing) an executive committee and other committees, subject to national legislation;
- (d) (employing) personnel that are necessary for the effective performance of its functions.

There are fourteen Councilors that constitute Mkhambathini Local Municipal Council, and are represented as follows

Her Worship: Honorable Mayor

Councilor

T.E Maphumulo



His Worship: Deputy Mayor

Councilor

C.T Mkhize



The Honourable Speaker

Councilor

E Ngcongco



Full Council

New picture to be inserted taking into consideration the changes to be completed in November

BACK ROW (left to right)

FRONT ROW (left to right)

Number of Council Meetings	2013/2014
8	

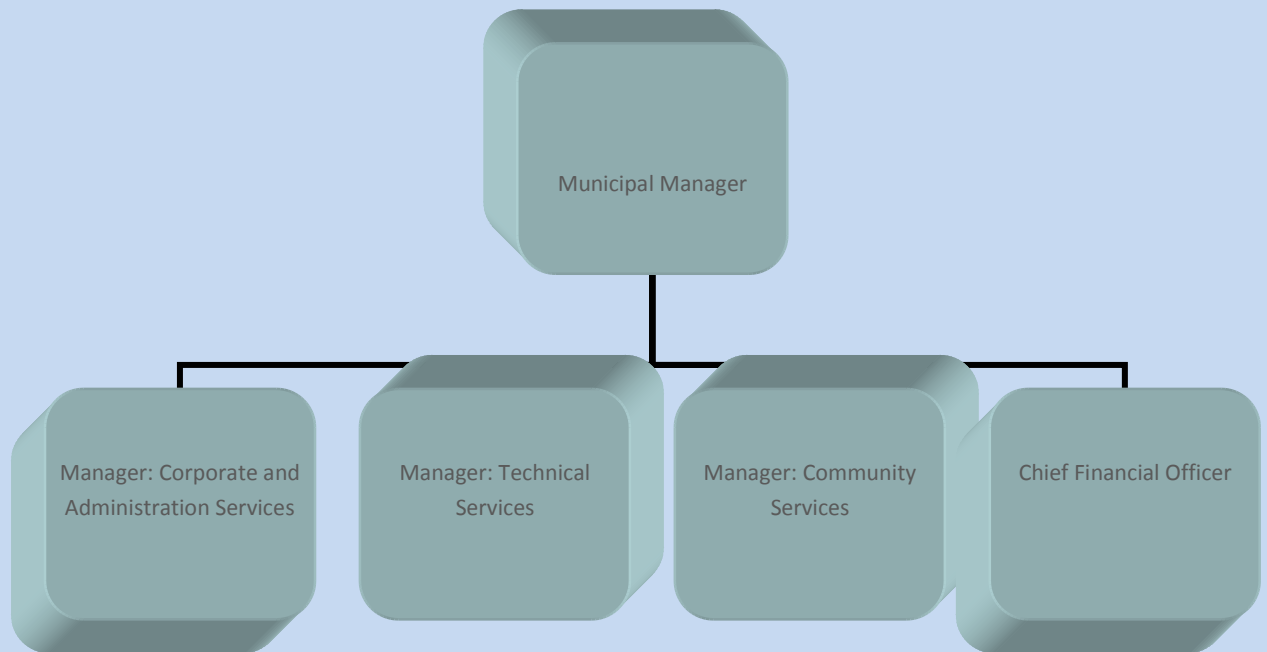
The party-political and demographic representation of Councillors is reflected in the table below:

POLITICAL PARTY	ALLOCATION OF SEATS	GENDER DISTRIBUTION	
		MALE	FEMALE
African National Congress	9	8	1
Democratic Alliance	1	1	0
Inkatha Freedom Party	3	2	1
National Freedom Party	1	0	1
TOTAL	14	12	2

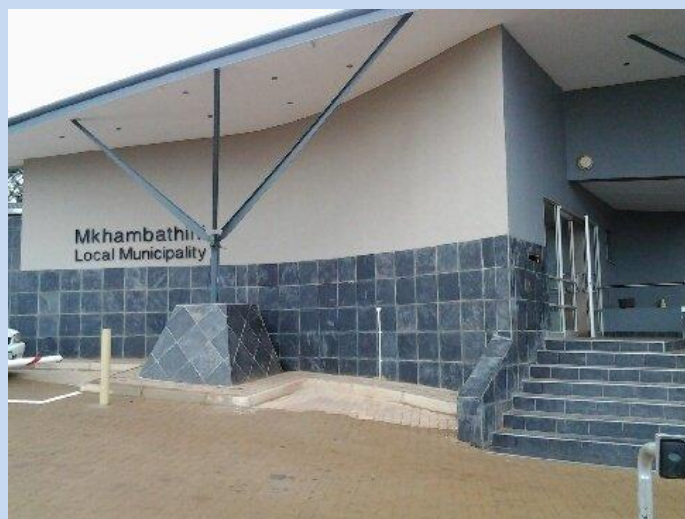
COUNCILLORS

Cllr.M Nene	Exco Member/ EDP Chairperson
Cllr.N Zondo	EDP Member
Cllr.HS Mtetwa	HR/ MPAC Member
Cllr.R N Lembethe	MPAC Chairperson
Cllr.T A Gwala	MPAC Member
Cllr. MM Magubane	Finance Member
Cllr.MR Ntuli	Finance Member
Cllr.MM Lembethe	HR / MPAC Member
Cllr.M Ngcongco	MPAC Member
Cllr.TZ Maphumulo	EDP Member
Cllr FP Msomi	MPAC Member

ADMINISTRATIVE GOVERNANCE

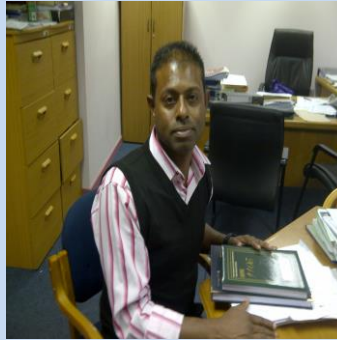


As depicted in the organogram above, the Mkhambathini Municipality has four departments; each department is headed by the Manager employed in line with Section 57 of the Municipal Systems Act No. 32 of 2000.



3.2.1 Departmental Functions

Office of the Municipal Manager



Municipal Manager: Mr. D A Pillay

- Internal Audit/External Audit;
- Implementation of special mayoral projects;
- Legal compliance;
- Service delivery improvement;
- Municipal Electoral Management;
- Sound Labour Relations;
- Public participation;
- Anti-corruption Strategy;
- Performance Management;
- Powers and functions of an Accounting Officer.



Department of Technical Services

Technical Services Manager: Mr SM Dondo

- Access to water;
- Access to sanitation;
- Access to electricity;
- Roads and storm water management;
- Waste management;
- Sustainable human settlement;
- Land use management;
- Provision of public facilities;

- Development Planning; and
- Building Control.



Department of Financial Services

Acting Financial Services Manager: Mrs PR Mthiyane

- Implementation of the MFMA
- Budgeting and Reporting
- Income Control
- Expenditure Control
- Supply Chain Management
- MPRA
- Municipal Property Rates
- Asset Management



Department of Administration and Corporate Services

Corporate Services Manager: Mr MM Lembethe

- Human resource management
- Information communications technology
- General Administration
- Secretarial services to committees
- Document management(Archives)
- Library services
- Motor licensing
- Learners License

Community Services

TO INSERT MS BHENGU

INTERGOVERNMENTAL RELATIONS

INTERGOVERNMENTAL RELATIONS

PUBLIC PARTICIPATION

The functional public participation structure for the municipality are :

IDP Representative Forum

Planning Co-ordinating Committee

District Wide Cluster Forums (Municipal Managers Forum, Mayors Forum and District Clusters)

WARD COMMITTEE STRUCTURES

Section 152(1)(e) of the Constitution of the Republic of South Africa, read together with Section 72 (1) and (2) of the Municipal Structures Act (Act 117 of 1998) give a direct mandate to Municipalities to encourage the involvement of communities and community organizations in matters of local government and to establish community participatory systems.

Sections 8 (g and h), 9 (f) and 72 of the Structures Act, authorize Municipalities to establish ward participatory systems as mechanisms to enhance participatory democracy in local government.

Accordingly, 7 ward committees are operational in the Mkhambathini Municipality. A Ward Committee consists of the relevant Ward Councilor, who automatically assumes chairpersonship of the committee, and ten (10) other members. This composition is in terms of Section 73 (2) (a) and (b) of the Municipal Structures Act, which further states that the other ten (10) members should be

elected into the Ward Committee. The composition of ward committees takes into cognizance issues of gender, disability groups, civil society, religious groups and any other organized groups within the community.

The primary objective of the ward committee is to enhance public participation of the community of Mkhambathini in the programmes of the Municipality.

A public Participation section established in the Mayor's office under the and support of the Speaker, is responsible to ensure that the ward committees are functional in line with an approved Ward Committee policy.

Ward Committee members have been assigned portfolios aligned to the IDP priorities to ensure that issues pertaining to communities and the IDP are aligned.

IDP PARTICIPATION AND ALIGNMENT

The 2013-2014 IDP has marked the second year of the third generation of the IDPs. The Municipality's IDP process had once again went through the exercise of public participation and the community needs and concerns are recorded. The Municipal Systems Act (as amended) has prompted changes in the way in which the Council plans for the future of the municipality. It also provides greater scope for communities to make their own choices about what the Council does and how.

This legislation requires Council to undertake an exercise, at least once in every five years, to identify community development priorities. These development priorities are determined with active participation by affected communities. These priorities form the basis for the long-term integrated development plan.

Since the first term of Council in 2000-2005, the Council has been consulting with members of the community, local business community and community organization to determine the priorities of the people of Mkhambathini. Along with the development priorities for the second

term of the Council (2006-2011), these priorities were formulated based on the information gathered on social dynamics, service provision and people's perception of the Municipality's strengths, weaknesses, opportunities, and threats.

IDP Participation and Alignment Criteria	Yes / No
Does the Municipality Have Impact, Outcome, Input, output, indicators	Yes
Does the IDP have priorities, objectives, KPI's, development strategies	Yes
Does the IDP have multi-year targets	No
Are the above aligned and can they calculate into a score?	Yes
Does the Budget align directly to the KPI's in the strategic plan?	Yes
Does the IDP KPI's align to Section 57 Managers	Yes
Does the IDP KPI's lead to functional area KPI's as per the SDBIP?	Yes
Do the IDP KPI's align with the provincial KPI's on the 12 Outcomes?	Yes
Were the Indicators communicated to the public	Yes
Were the four quarter align reports submitted within stipulated time frames?	No

CORPORATE GOVERNANCE

In general, corporate governance is perceived as a normative principle of administrative law, which obliges any institution to perform its functions in a manner that promotes the values of efficiency,

non-corruptibility, and responsiveness to civil society. The principle of good governance has also been espoused in the context of the internal operations of both the public and private sector organisations. In this way, corporate decision-making strategies integrate the principle of good governance and ensure that public interests and employees are taken into account.

RISK MANAGEMENT

Section 62 (i) of the MFMA required that the municipality have and maintain an effective, efficient and transparent system of risk management. The Municipality undertook to implement and comply with this section and this resulted in the development of the Risk Action Plan through a workshop which was held near the end of the financial year 2011/12 with the assistance of Internal Audit Activity. A risk register was compiled and approved by the Audit and Performance Management Committee. Furthermore a Risk Management Strategy was developed, however due to the absence of the Risk Officer the municipality was not in the position to monitor and implement actions that were agreed to during the workshop.

To 5 Risks

- Inability to attract Investments.
- Inability to attract and retain skills personnel.
- High Number of indigent families.
- High Number of unemployed Youth.
- Inability to maintain municipal infrastructure.

ANTI-CORRUPTION AND FRAUD

The Municipality is committed to a free corruption and fraud environment. The municipality has developed the Anti-fraud policy to guide the municipality on matters pertaining to fraud, the development of the policy document is an illustration that the Municipality does not tolerate fraudulent or corrupt activities whether internal or external to the Municipality.

The Internal Audit Activity assisted in communicating the policy and workshops were conducted.

The Municipality believes that if we are honest and open in our everyday dealings and communications with other people, if we fulfil our commitment at all times and practice trust, tolerance and respect, only then can we achieve dignity and integrity. Every day of our lives we are faced with choices and easy options that are filled with promises of wealth. Make sure our heart and our head agree on the honest choice, however difficult it may be. Remember it is the nature of our environments, which is tempting. We need to take responsibility for our choices. It is becoming increasingly difficult to stay honest and open, especially in light of the ever-changing environment around us. Our only obligation in life is to be true to ourselves and our commitments. In the long run we will achieve more in life than those who sold out their principles for the short-term gain.

We expect people to trust us, and therefore it is up to us to give them the reasons to trust us. Our reputation of today will be based on our actions of the past. Our actions today are the building blocks of our future reputation.

People at our Municipality hold dearly specific rich and positive values. Therefore, our employees' commitment to these values is the only single weapon against corruption and fraud.

SUPPLY CHAIN

The Municipality has established a Supply Chain Unit in line with the internal Supply Chain Management (SCM) Policy and Supply Chain Management Regulations. The division is headed by the Accountant who reports directly to the Chief Financial Officer.

The Municipality has a policy on SCM which has been implemented fully throughout the year. There were not indicators of abuse in the implementation of the SCM policy of the municipality during the year under review.

The calling for tenders to secure supplies of goods and services is an integral part of SCM, as legislation compels public institutions to procure goods and services through this process. A thorough knowledge of the different phases of the tendering process and the accompanying procedures is therefore necessary to ensure that public officials procure goods and services timely and according to their requirements.

In line with the Municipal Finance Management Act (MFMA), the Accounting Officer has approved the Bid Committees. The Municipality ensures that the tender process is fair, Transparent, equitable and cost effective.

BY- LAWS

BY- LAWS INTRODUCED DURING 2013/2014 FINANCIAL YEAR

Municipal Pound By-law

WEBSITE

Municipal Website: Content and Currency of Material

Documents Published on the Municipal Website	(Yes/No)	Publishing Date
Current annual adjustment budget and all budget related documents	No	Not applicable
All Current budget Policies	Yes	May 2013
The previous annual report 2010/2011	Yes	May 2014
All current performance agreements required in terms of section 57 (1) (b) of the Municipal Systems Act 2011/2012 and resulting scorecards.	Yes	April 2014
All service level agreements 2011/2012	No	Not applicable
All long term borrowings contracts 2011/2012	None	Not Applicable
All supply chain management contracts above a prescribed value for 2011/2012	None	Not Applicable

An information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14 (2) or (4) during 2011/2012	No	Not Applicable
Contracts agreed in 2011/2012 to which subsection (1) of section 33 apply, subject to subsection (3) of that section.	None	Not Applicable
Public Private Partnership agreements referred to in section 120 made in 2011/2012	None	Not applicable
All quarterly reports tabled in Council in terms of Section 52 (d) Section 71 during 2011/2012	No	Not Applicable
Any other information required in terms of Section 75 of the Municipal Finance Management Act.	None	Not Applicable

The municipality does not have a dedicated computer to be accessed by the members of the community; however the community has access to the computer at our library for the purpose as envisaged in Section 75 of the MFMA.

PUBLIC SATISFACTION ON MUNICIPAL SERVICES

Due to financial constraints the municipality has not been in a position to conduct a satisfaction survey for the year under review.

INFORMATION COMMUNICATION AND TECHNOLOGY

INTRODUCTION TO ICT SERVICES

Information and Communications Technology is the backbone of service operations in the Municipality. The section set out to achieve the following:

Information Technology Governance

The issue of Governance was flagged as a necessary intervention to regulate and guide the development path of IT in the Municipality. ICT Governance is a subset discipline of Corporate Governance focused on IT systems and their performance and risk management. The rising interest in ICT Governance is partly due to compliance initiatives, but more so because of the need for greater accountability for decision-making around the use of IT in the best interest of all stakeholders. IT capability is directly related to the long term consequences of decisions made by top management. IT governance systematically involves everyone, executive management and staff. It establishes the framework used by the organization to establish transparent accountability of individual decisions, and ensures the traceability of decisions to assigned responsibilities.

Information Technology Service Continuity Planning

Continuity management is the process by which plans are put in place and managed to ensure that IT services can recover and continue should a serious incident occur. It is not just about reactive measures, but also about proactive measures-reducing the risk of a disaster in the first instance. Continuity management is regarded as the recovery of the IT infrastructure used to deliver IT Services, but many businesses these days practice the much further reaching process of Business Continuity Planning (BCP), to ensure that the whole end-to-end business process can continue should a serious incident occur.

Mkhambathini Local Municipality's Continuity management involved following basic steps:

- Prioritizing the businesses to be recovered by conducting Business Impact Analysis
- Performing a Risk Assessment for each of the IT Services to identify the assets, threats, vulnerabilities and countermeasures for each service.
- Evaluating the options for recovery
- Producing the Contingency Plan

- Testing, reviewing and revising the plan on a regular basis

Facility and Control Management

We had to comprehensively revamp our facilities in line with the best practices and ensure that the control environment has the necessary features that would protect our production environment. Further to the modernization of our server room the following have been done:

- Environmental Control: The physical environment of a server room is rigorously controlled. Air-conditioning is used to control the temperature and humidity in the server room. The temperature range of 16-24 °C and humidity range of 40-55% with a maximum dew point of 15 °C is implemented as industry standard.
- Physical Security: Access to the server room is limited to selected personnel and controlled by access control system.
- The municipality is in the process of getting the following for modernization of the server room:
- Raised Floors: for easy access of wires and cables
- Electrical Power: Backup power consists of one or more uninterruptible power generators. To prevent single points of failure.
- Fire Protection: to be installed to provide early warning systems, fire sprinklers to control fire should it develop.
- Physical Security: Biometric system also to be monitored by high definition cameras.

3. SERVICE STATISTICS FOR ICT SERVICES

- User Account Creation : 100% Turn Around
- System Administration : 65% Compliance
- Network Administration : 80 % Availability
- Laptops & Desktops : 57
- Servers : 2
- Multi functioning Machines : 15
- Licencing : 5
- Program Change Management : 60%

Processes	Outline Service targets	Purpose	2012/13	2013/14
Asset System	Implement Asset Management System	To assist the Department of finance in monitoring and tracking assets	Service level agreement	Service level agreement
Helpdesk System	IT Service improvement	-	Improve the IT service offering to the organization	Continuous improvement through enhancing other services
Server Refurbishment	Secure Control environment	-	Refurbish the server room	Refurbish the server room to AG's server requirements
Info and Network security	Secure production environment	-	Ensure that our production environment is secured	
ICT Strategy Development	Information & Development path for the Municipality			Implement the projects on the Master system's plan
ICT Governance	Information & Development path for the Municipality		Charter and Framework Developed	Refine the Framework to align to SALGA ICT Strategy.
HR System	Implement Human Resource Management System.	To reduce Manual workload of HR Administrative activities by automating	Service Level agreement	Service Level agreement

		processes		
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EMPLOYEES: ICT SERVICES

There's one employee working on a contract basis.

COMMENT ON THE PERFORMANCE OF ICT SERVICES OVERALL:

Server Room Upgrade: Information and Communications Technology operations are a crucial aspect of most organizational operations. One of the main concerns is business continuity; companies rely on their information systems to run their operations. If a system becomes unavailable, company operations may be impaired or stopped completely. It is necessary to provide a reliable infrastructure for ICT operations, in order to minimize any chance of disruption. Information security is also a concern, and for this reason a server room has to offer a secure environment which minimizes the chances of a security breach.

A server room must therefore keep high standards for assuring the integrity and functionality of its hosted computer environment. This is accomplished through redundancy of both fiber optic cables and power, which includes emergency backup power generation

Our production environment has not been upgraded to an acceptable operating standard and meet industry's best practices in terms of environmental control.

Print Room: The Municipality is in the process of procuring printing equipment of high standards to assist relevant departments in its support function.

PCs and Desktops: This is an ongoing process to continually automate our operations. The exercise also included replacement old equipment's. Upgrade of the MSA: IT performance optimization.

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

BASIC SERVICES

WATER PROVISION

The provision of water has been a key priority for government since the advent of democracy. Mkhambathini Municipality acknowledges that water challenges still persist in some areas, Ward 1, 2 and 3 approximately 29 264 people are affected by the water challenges around those areas. The most challenge the municipality faces is ageing and mal-functional infrastructure which is compounded by vandalism poses a serious problem and also the escalating of the population based on the water skim.

The Mkhambathini Municipality has seen it imperative to work collaborately with uMgungundlovu District Municipality, who at present is handling the services of water and sanitation for our municipality, in addressing the issue of water and sanitation in the municipality. It is in the plan of the Municipality to at least have the majority of households having water accessible inside their dwelling houses or inside the yard as much as possible. Crucial to achieving this will be the establishment of more dandified settlements in wards 1, 2 and 3 hence bridging the divide in the economies of scale.

Water Facilities

The table below indicates an improvement in the service delivery of water within the municipality.

Water Source

	Census 1996	Census 2001	Census 2011
In dwelling/yard	3560	5722	7910
On communal stand	725	1640	2015
Access to piped water	3621	5189	5039

WASTE WATER (SANITATION) PROVISION

Toilet Facilities

Toilet Facilities	Census 1996	Census 2001	Census 2011
Flush toilet (connected to sewerage system)	1260	3907	4820
Pit latrine with ventilation (VIP)	4820	4970	10170
Bucket latrine	77	101	88
None	92031	2572	1108

ELECTRICITY

There has been a substantial improvement in the percentages of households that use electricity for the following table depicts the results of the recently conducted 2011 Community Survey (See Table Below):

Table 10: Energy / Fuel for Lighting, heating and cooking

Energy / Fuel	Census 1996	Census 2001	Census 2011
Lighting	2578	5329	9758
Heating	1484	2553	6441
Cooking	1734	3021	7767

WASTE MANAGEMENT

Refuse disposal is critical in creating an enabling environment for every resident of the municipality, more especially the younger generation as they are more exposed to hazardous conditions. The Municipality has improved the collection of refuse within its jurisdiction comparing the Census 1996, 2001 and the 2011 Community Survey .

Waste Management	Census 1996	Census 2001	Census 2011
Removed by Local Authority /Private Company	325	671	1057
Communal /Own Refuse Dump	6926	9700	12189
No Rubbish disposal	818	2179	1541

HOUSING

The KwaZulu-Natal Department of Human Settlements and Public Works (KZNDHSPW) has delivered 25 940 housing units in the 2012-2013 financial year, in the year 2013/2014 there has been some delays in completion of other Phases due to negotiations in terms of land and other technical issues. We are proud to report that Mkhambathini Municipality housing project has also has an impact in the KZNDHSPW delivery. The municipality is continuing to deliver houses which meets the standards of the best houses in the province. The Municipality is committed to show case with more Housing delivery in the near future

ROAD TRANSPORT

ROADS

Xxx to insert new roads infrastrcure project that has been completed

The Municipality is responsible for a major access roads that are not maintained by Department of Transport. Due to very bad weather conditions we have experience over the year some a dilapidating. Through many years of use without maintenance or hardening, many have developed in deep dongs where storm-water continuously deepens them. However the municipality, where it can have repaired some under very tight budgetary constraints. The maintenance plan has been developed to ensure day to day maintenance of our own infrastructure.

TRANSPORT

The Majority of public transport facilities in the Mkhambathini Municipality area is informal and requires serious upgrading. Although there is an issues of space to provide a state of the art Taxi Rank in the Camperdown and surrounding areas the municipality is putting a plan together to identify spots where bus/taxi shelter can be erected.

WASTE WATER (STORM WATER DRAINAGE)

There is not storm water master plan resulting in ad-hoc projects being identified where complaints are received. Problems are experienced in the CBD concrete pipes are collapsing owing to fatigue from heavy rains and traffic loads. This has resulted in most of the CBD infrastructure becoming aged at a very rapid pace.

PLANNING AND DEVELOPMENT

PLANNING

The Municipality has entered into a shared service in terms of Planning and Development uMngeni Municipality is a leading partner in this regard. However the municipality is planning to capacitate this section to assist with all administrative related issues.

LOCAL ECONOMIC DEVELOPMENT

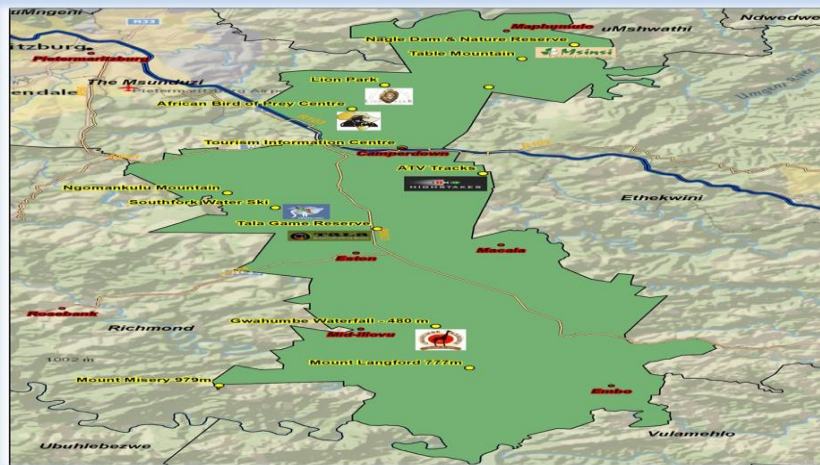
Local Economic Development (LED) offers local government, the private sector, the not-for-profit sector and the local community the opportunity to work together to improve the local economy. It aims to enhance competitiveness and thus encourage sustainable growth that is inclusive. The purpose of local economic development (LED) is to build up the economic capacity of a local area to improve its economic future and the quality of life for all. It is a process by which public, business and non-governmental sector partners work collectively to create better conditions for economic growth and employment generation. Mkhambathini Municipality has a few of LED projects in function, challenge targeting the market, the Municipality has partnered with SEDA for assistance in this instance. Co-operative and LED projects are been implemented at ward level.

As Mkhambathini Municipality we pursue LED strategies for the benefit of our jurisdiction, and individual communities and areas within our jurisdiction also pursue LED strategies to improve their economic competitiveness. Such approaches are most successful if pursued in partnership with local government strategies. Local communities respond to their LED needs in many ways, and a variety of approaches that Mkhambathini Municipality under takes that include:

- Ensuring that the local investment climate is functional for local businesses;
- Supporting small and medium sized enterprises;
- Encouraging the formation of new enterprises;
- Attracting external investment (nationally and internationally);
- Investing in physical (hard) infrastructure;
- Investing in soft infrastructure (educational and workforce development, institutional support systems and regulatory issues);
- Supporting the growth of particular clusters of businesses;
- Targeting particular parts of the city for regeneration or growth (areas based initiatives);
- Supporting informal and newly emerging businesses;
- Targeting certain disadvantaged groups.

Tourism

The tourism sector is starting to play a pivotal role in the provision of employment and economic growth. There have been a number of agric-tourism related applications submitted to the municipality and have been encouraging for the future economic growth of the municipality within the agricultural sector. The Spatial Development Framework has in this regard taken consideration of the tourism potential within the municipality and identified nodes that will promote the sector.



Eco-tourism: Private Game ranches offering up-market accommodation and wildlife trails for Local and International visitors (including Tala Game Reserve, Ntsingisi Game Lodge and Spa and Gwa Humbe Game Reserve) and wildlife sanctuaries (African Bird of Prey Centre, the Lion Park and Natal Zoological Gardens).

Agro-tourism: The Country Capers Tourism Route comprises several auto routes that meander through the municipality, linking it to adjacent areas (Thornville, Baynesfield, Richmond, Ashburton, Byre Valley and Inchanga) and other tourism routes (Albert falls Amble and 1000 Hills Tourism) offering farm style, self-catering, bed and breakfast and guest lodge accommodation, scenic views and peaceful retreats.

Adventure Tourism: The area is host to a number of adventure and sporting activities including off-road motorcycle and car races, canoeing events on Nagle Dam, mountain bike races (cycling), microlighting, skydiving, waterskiing and hiking trails. Not to mention the Comrades Marathon and a Mashovashova cycle race which also pass through the area. All of which bring National and International visitors to the area.

Tourism attractions are generally located close to the main roads traversing the municipality. Ownership of the tourism industry tends to be highly concentrated with little involvement by rural communities. Participants at community workshops called for the exploitation of undeveloped tourism potential in the municipality, their involvement in tourism development and related income-generating opportunities, as well as the need for education about the benefits and obligations of tourism.

Over 60% of the total land area of the municipality is covered by natural forest, shrub and bush-land and much is in good condition, and this represents a significant opportunity for the further development of eco-tourism in the municipality. In response to the natural assets and the absence of a large-scale game reserve in the area, the development of the Mkhambathini Game Reserve has been proposed for the area to the north of the N3 between Cato Ridge and Pietermaritzburg, and it will form the primary attraction along the envisaged Tourism Corridor between Durban and Pietermaritzburg.

The draft KwaZulu-Natal Tourism Development Strategy has given its support to the Mkhambathini Game Reserve, This attraction in the municipality will form part of the broader Durban-Pietermaritzburg Tourism Corridor, and be directly linked to the primary tourism node of the Valley of a Thousand Hills. Given that the R603 is already an important route to and from the South Coast, additional tourism developments along this route should be established to attract holidaymakers who pass through the area.

Mkhambathini Municipality has developed its Tourism Strategic Development Plan. Part of the plan is to develop a marketing strategy as a means to promote Mkhambathini Municipality's as a unique differentiated brand and one of the preferred travel destinations in KwaZulu Natal. Mkhambathini Tourism Association and Mkhambathini Tourism Forum have been formed as a requirement and their core roles and responsibilities of this local organization are as follows:

- Support and coordinate the branding of designated products regions;

- Assist in TKZN in national campaigns by providing marketable products, events and attractions for these campaigns,
- Assist TKZN in international marketing providing product information
- Promote tourism awareness in localised areas
- Provide tourism infrastructure in localised areas
- Facilitate private sector involvement in the marketing and development effort
- Facilitate local product development
- Provide tourism information and publicity.

Mkhambathini Municipality has unique destinations which combine the best of nature and agriculture environments. The diversity of facilities provides entertaining activities for the entire family. Key areas are as follows:

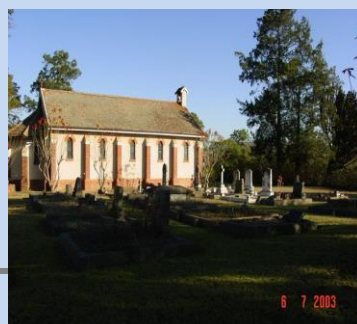
- Tala Valley
- Lion Park and Zoo
- African Bird of Prey Sanctuary
- Nagle Dam
- Table Mountain (natural area)
- Rosie Antique barn
- Hot air Balloon in Tala Valley
- Guahumbe Game Reserve
- Emoyeni Micro lighting
- Wingfield Nature Reserve

Historical and other places of interest

There are private game ranches offering up market and wildlife trails (Tala, Gwahumbe Game Reserve and Spa, iNsingizi Lodge). Agro- Tourism: Sakabula circuit motor routes to country attractions such as fresh produce, clothing, farm stalls, Valley of a Thousand Hills and accommodation.



John Vander Plank Gravesite



'FOR THE COMMUNITY'

Anglican Church of Resurrection



Methodist Church

SPORT AND RECREATION

The below indicates the availability of recreational facilities, although some Wards are still without. Most of the available facilities require significant upgrading and revamping in order to fully benefit in sports, arts and cultural aspect of the municipality. The aim of Sports and Recreation is to improve the quality of all South Africans by promoting participation in sports and recreation in the country, and through participation of South African sportspersons and teams in international sporting events.

To insert news sport field pictures

The above statement encapsulates the overall South African picture in terms of sports and recreation but it is at municipal level where everything has to be planned accordingly to fully utilize the talent at international level. To this end, the Mkhambathini Municipality has a number of interventions that assist in fully capitalising on this aspect of the community. The municipality has had a great impact in the province in the performing arts and would require the municipality to invest in this aspect.

Recreational Facilities

Ward 1	
Sports & Recreation Facilities	Sports Fields are present

Ward 2	
Sports & Recreation Facilities	Sports Fields are present.

Ward 3	
Sports and Recreation Facilities	Needs to be upgraded.

Ward 4	
Sports & Recreation Facilities	There are no sports facilities in the area.

Ward 5	
Sports & Recreation Facilities	Sports fields that exist in some parts of the ward are not to acceptable standards, these needs to be upgraded. In other parts of the ward there are no sports facilities at all.

Ward 6	
Sports & Recreation Facilities	Sports fields that exist in the area such as Makholweni are not up to accessible standards, these needs to be upgraded. In other areas there are no sports facilities.

Ward 7	
Sports & Recreation Facilities	Sports fields that exist in this area are not up to acceptable standards, these needs to be upgraded, in other areas there are no sports facilities.

CHAPTER 4 : ORGANISATIONAL DEVELOPMENT AND PERFORMANCE

EMPLOYEE TOTAL, TURNOVER AND VACANCIES

Approved post per approved organogram	
Vacant positions	
Deaths	
Resignations	
Dismissals	
Retirements	
New appointments	

MANAGING THE MUNICIPAL WORKFORCE

POLICIES

HR POLICIES AND PLANS

	Name of Policy	Completed	Reviewed	Date Adopted by Council/Comment on Failure to adopt.

PERFORMANCE REWARDS

The Municipality is in the process of reengineering the organizational performance management system. The individual performance management will be introduced in stages once all consultation processes have been exhausted the latest will be 2015/2016 financial year. This will be to ensure high level of performance by each employee which will assist the Municipality due to the fact that this will assist in the overall Municipal performance.

CAPACITATING THE MUNICIPAL WORKFORCE

SKILLS DEVELOPMENT AND TRAINING

The Municipality has several well developed capacity development programmes and systems in place including annual workplace skills plans (WSPs), and internship. All section 57 attends competency level training funded by the Institute of Municipal Finance Officers (IMFO).

CHAPTER 5: FINANCIAL PERFORMANCE

OTHER FINANCIAL MATTERS

GRAP COMPLIANCE

The Municipality has implemented all relevant GRAP requirements and has not since 2007/08 received any audit qualification based on GRAP Non-compliance. The Accounting policies to the financial statements state that the Annual Financial Statements have been prepared in accordance with GRAP, including any interpretations, guidelines and directives issued by the Accounting Standards Board, in accordance with Section 122(3) of the MFMA. In addition, the financial statements include mandatory disclosures in accordance with the MFMA and related regulations.

CHAPTER 6: REPORT OF THE AUDITOR GENERAL

To be completed once the audit is finalised.

Auditor-General



Pietermaritzburg

CHAPTER 7: AUDITED FINANCIAL STATEMENTS

To be completed once the audit has been completed.

Year 2 Annual Financial statement

CHAPTER 8 : AUDIT COMMITTEE REPORT FOR THE YEAR ENDED 30 JUNE 2013

Mkhambathini Local Municipality has an Audit Committee as prescribed by Section (166) of the Municipal Finance Management Act 56 of 2003. The Audit Committee serves the purpose of being an independent advisory body to the Council, the Political Office Bearers and the Accounting Officer thereby assisting Council in its oversight role.

Membership of the Audit Committee

There are five three (3) members of the Audit Committee, namely:-

- Mr V.E. Dlamini (Chairperson)
- Mr S.J. Kunene
- Mr J. Mathobela

Attendance of the Audit Committee Meetings.

The Audit Committee consists of independent members who by virtue of the requirement of the Section 166 of the Municipal Finance Management Act 56 of 2003 and in terms of its approved Terms of Reference, is required to meet at least four times a year.

Name of Member	Number of Meetings Scheduled	Number of Meetings Attended
Mr V.E. Dlamini	4	2 (resigned in December 2013)
Mr S.J. Kunene	4	4
Mr J. Mathobela	4	4

Audit Committee Responsibility

We report that we have performed our responsibilities in terms of the Municipal Finance Management Act No 56 of 2006, Section 166 and Municipal Performance Management Regulations. We further report that we conducted our affairs in accordance with the Audit Committee Terms of Reference as approved by Council.

The Effectiveness of Internal Control

The municipality's system of internal controls is designed to provide cost effective assurance that assets are safeguarded and that liabilities and working capital are effectively managed. In line with the Municipal Finance Management Act and the King Report on Corporate Governance, Internal Audit and the Auditor General reports provide the Audit Committee and Management with assurance that the internal controls of the

Municipality are appropriate and effective. This is achieved by means of a risk assessment and review process, testing of controls, as well as identification of corrective actions and suggested enhancements to controls and processes. We have reviewed various reports from the Internal and External Auditors, which highlighted the adequacy and effectiveness of internal control system(s) within the Municipality. Both reports highlighted significant internal control weaknesses within the Municipal Processes.

Management has taken the views of both the Internal and External Auditors seriously, and as a result action plans to address identified deficiencies have been developed and are being implemented and monitored by the Office of the Municipal Manager. Quarterly reports on the progress made in implementing the plan have been tabled at the Audit Committee meetings. However it should be noted that there are some areas of concern raised in the Auditor General's report that need management's immediate attention as this will have an impact on the audit outcomes for the forthcoming years if not addressed adequately. It should further be noted that the absence of the Chief Financial Officer has had an impact in (the) achieving the desired outcome in terms of the Auditor General's audit.

Internal Audit

The Committee is satisfied that the work carried out by the Internal Audit Activity (Activity) was conducted in accordance with the approved Internal Audit Plan. Quarterly reports were reviewed and some of the findings were discussed and agreed upon with management. Management has committed itself to continuously engage and support the Internal Audit Activity in order for the Municipality to improve the effectiveness of internal controls and realise its value.

Performance Management System (the system)

The Municipality has developed a Performance Management System which is designed to assist Management in terms of monitoring and evaluation. The Audit Committee is of the view that should the system be adopted and monitored positive outcomes will be realised. Due to the resignation of the Performance Management Officer the Municipality () been left wanting in terms of ensuring the smooth running of the system. A recommendation has been made to the Accounting Officer that the vacancy be filled with immediate effect.

Risk Management and Compliance

The office of the Accounting Officer is charged with insuring that Risk Management and Compliance Management are working as intended. There has not been much improvement after the Internal Audit has facilitated the workshop on Risk Management. The Audit Committee has recommended to the Accounting Officer for him to consider the approval of Risk and Compliance Officer post.

Evaluation of the Financial Statements

This will be concluded once the Audit has been finalised

Mr S.J. Kunene

For the Audit Committee

CHAPTER 9: MANAGEMENT PROGRESS REPORT ON IMPLEMENTATION OF AG FINDINGS FOR 2012/2013 FINANCIAL YEAR

Report Finding	Proposed Action to be Implemented	Responsible Person	Target Date /Progress to date
A total of 37% of the targets were not time bound in specifying a time period or deadline for delivery. This was due to the fact that management was aware of the requirements of the FMPPI but did not receive the necessary training to enable application of the principles.	Targets will be revisited. COGTA will be consulted to assist in this regard	MM	Completed
A total of 21% of the indicators were not well defined in that clear, unambiguous data definitions were not available to allow for data to be collected consistently.	All indicators have defines of information required for each indicator identified. However this will be revisited taking into consideration the requirements of FMPPI.	MM	Completed
Of the total number of 112 targets planned for the year, 37 targets were not achieved	This was caused by the vacant position in particular within	MM	Completed The Manager was appointed in February

during the year under review. This represent 33% of total planned targets that were not achieved during the year under review.	Community Services. An acting individual has been appointed and the post of the Manager Community Services will be filled in February 2014		2014
The accounting officer did not take reasonable steps to prevent irregular expenditure, as required by Section 62 (1) (d) of the MFMA.	The ACFO will monitor irregular expenditure on a monthly basis	MM/CFO	Implemented and its being monitores
An effective system of internal control for assets was not in place as required by Section 63 (2) © of the MFMA	Asset Register is being updated subsequently a fixed assets policy will be reviewed. A procedure manual will be developed in order to allow for fully compliance.	CFO	Completed in June 2014
The accounting officer did not exercise adequate oversight over financial reporting and compliance as well as internal control. In this regard, the accounting officer did not regularly assess whether staff members had essential skills and knowledge to support the achievement of credible	An internal skills audit will be conducted. Compliance Register will be developed	MM/ Corporate Services Manager MM/Internal Audit	Completed Internal Audit to Assess the results of the audit and the result will be tabled in October 2014 to both Council and the Audit Committee

reporting and comply with designed policies and procedures, as well as legislative requirements			
Adequate processes were not in place to communicate timely and relevant information to those charged with governance, in that monthly reporting and reconciliation processes were not at desired levels. In addition records management and review processes were not designed and implemented in a manner to improve accountability and credibility in financial and compliance reporting. This evidence by material corrections in the financial statements, as well as the lack of records that arose during the auditing process.			
The audit committee did not promote accountability and service delivery through evaluating and monitoring responses to risk and provide oversight over the effectiveness of the internal	A schedule of meeting and work plan has been developed. Compliance Reports will be made available to the audit	MM/Internal Audit	Schedule of audit committee meetings has been adopted and its being followed. Risk Management, Compliance Management and Internal audit reports are tabled

control environment, including financial and compliance with laws and regulations.	committee Risk Management Reports will be made available to the Audit Committee		audit committee meetings on a quarterly basis
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APPENDICES

APPENDIX A – COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

Council	Number of Meetings Attended for 2013/2014
Cllr T.E Maphumulo (Mayor)	
Cllr C.T. Mkhize (Deputy Mayor)	
Cllr E. Ngcongco (Speaker)	
Cllr M. Nene	
Cllr T.A Gwala	
Cllr R.N. Lembethe	
Cllr M.M Lembethe	
Cllr M.M. Magubane	
Cllr T.Z. Maphumulo	
Cllr H.S. Mtetwa	
Cllr F.P. Msomi	
Cllr M.R. Ntuli	
Cllr M. Ngcongco	
Cllr R.N. Zondo	

APPENDIX B –THIRD TIER ADMINISTRATIVE STRUCTURE

Directorate	Manager
Executive and Council	Mr. D. Pillay
Budget and Treasury Office	Mrs. P.R. Mthiyane (Acting CFOs)
Corporate and Administration Management Services	Mr. M.M Lembethe
Technical Services	Mr. M.S. Dondo
Community Services	Ms. G Bhengu (Appointed in February 2014)

APPENDIX D – FUNCTIONS OF MUNICIPALITY

Municipal Functions	Function Applicable
Constitution Schedule 4, Part B Functions:	
Air pollution	No
Building regulations	Yes
Child care facilities	No
Electricity and gas reticulation	No
Firefighting services	No
Local Tourism	Yes
Municipal airports	No
Municipal planning	Yes
Municipal health services	Yes
Municipal public transport	Yes
Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under the Constitution of any other	Yes
Pontoons, ferries, jetties, piers, and harbors, excluding the	No
Stormwater management systems in built-up area	Yes
Trading regulations	YES

Water and sanitation services limited to potable water supply	NO
Beaches and amusement facilities	NO
Billboards and the display of advertisements in public places	YES
Cemeteries, funeral parlours and crematoria	YES
Cleansing	YES
Control of public nuisances	YES
Control of undertakings that sell liquor to the public	Yes
Facilities for the accommodation -are and burial of animals	
Fencing and fences	YES
Licensing of dogs	YES
Licensing and control of undertakings that sell food to the public	YES
Local amenities	YES
Local sport facilities	YES
Markets	YES
Municipal abattoirs	NO
Municipal parks and recreation	YES
Municipal roads	Yes
Noise pollution	YES
Pounds	YES
Public places	YES
Refuse removal, refuse dumps and solid waste disposal	Yes
Street trading	YES
Street lighting	YES

Traffic and parking	YES
*If municipality indicate (Yes or No).	

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APPENDIX E – WARD REPORTING

WARD NO.	MEMBERSHP	SURNAME	FULL NAMES	ID NO. (13 DIGITS)	GENDER		SECTOR REPRESENTED
					M	F	
1	WARD CLLR	Zondo	Nhlanhla		M		ALL
	WC MEMBERS	Kunene	Patric Bhekezakhe	581127 5778 08 7		F	NGO & Env. Affairs
		Phungula	Nomusa Busisiwe	710915 1002 08 8		F	Health
		Mbele	Msitheli Andrias	470820 5481 08 2	M		Rel, water, sanitation
		Mncube	Ziphozonke Angel	880405 1034 08 7		F	Arts & Culture, Education
		Dladla	Jabulani Amos	750828 6018 08 5	M		Disaster & housing
		Xaba	Nonhlanhla Moreen	660601 0581 08 8		F	Transport
		Maphumulo	Nkosinathi	821017 5731 08 9	M		Youth and Sports
		Gcumisa	Slindile Zwakushiwo	841224 1151 08 2		F	Tradition. Healers, Home Affairs
		Ndlovu	Buhle	790120 0463 08 3		F	Social Welfare
		Dube	Bongi Elijah	510513 5461 08 7	M		Traditional healers & safety
		Number of Meetings Held: 4					

2	WARD CLLR	Mtetwa	Sboniso		M		
	WC MEMBERS	Zulu	Charity	831206 0871 08 5		F	Education
		Shozi	Bongumusa	801003 5374 08 2	M		Local Econ Dev
		Shelembe	Winnet	481021 5374 08 1	M		Arts and Culture
		Mdluli	Ndumiso Julius	830401 5332 08 1	M		Youth
		Phetha	Simphiwe Andreas	760524 5791 08 1	M		Transport
		Nzama	Welcome Zibusiso	760508 5650 08 2	M		Sports and Recreation
		Zondi	Joyce Ntombenhle	730329 0707 08 3		F	Women
		Nene	Mandlenkosi Moses	850325 5736 08 9	M		NGO
		Mlaba	Siyabonga M	840507 5419 08 8	M		Housing
		Ngcobo	Lungisile M	740303 0959 08 3		F	Tradition Leaders
Number of Meeting Held: 4							

3	WARD CLLR	Lembethe	Njabulo		M		
	WC MEMBERS	Nkomo	Thola	870204 1235 08 9		F	Disaster & Waste Col
		Phetha	Sifiso	791116 5330 08 6	M		HIV & Aids & Educ.
		Shozi	Mandla	750929 5587 08 6	M		Environment Health
		Dlamini	Duduzile M	760923 0369 08 5		F	Sport & Recreation
		Mkhize	Sithembiso	810606 6587 08 7	M		Arts & Culture
		Mafu	Lindelani	850517 5431 08 9	M		Youth Desk
		Ngubane	Nompumelelo N	860410 0427 08 8		F	Loc Econ Dev
		Ngcobo	Lethukuthula	820818 5554 08 7	M		Tourism & Home Affair
		Gwala	Sikhosiphi	721215 5497 08 8	M		Early Child Dev.
		Madlala	Japhet Bhekizazi	550926 5264 08 0	M		Agric/Transport
Number of Meeting Held : 4							

4	WARD CLLR	Gwala	Thembalikhó Aron		M		
	WC MEMBERS	Dlamini	Buyiswa			F	Farm Residents
		Mkhize	Sbuyeleni		M		Traditional Leader
		Phili	Charles B	640404 6114 08 6	M		Rates Payers Ass
		Gumede	Ziningi	890817 0656 08 2		F	Education
		Mtolo	Nkosikhona	900515 0142 08 5	M		Health
		Hlongwa	Lucky Nhlanhla	860305 6156 08 9	M		Sports and Youth
		Mthethwa	Lindiwe	790909 0303 08 7		F	Disaster and NGO
		Shozi	Maqhinga	660528 5503 08 2	M		Arts and Culture
		Ngcongo	Mthinteni David	640320 5760 08 5	M		Taxi Association
	Nteyi	Ziyanda	900808 1453 08 0		F	Home Affairs/Social Dev	
Number of Meeting Held : 4							

5	WARD CLLR	Mkhize	Thulani		M		
	WC MEMBERS	Shezi	Bongiwe	730429 0503 08 4		F	Social Dev
		Hadebe	Lungile	761108 0367 08 6		F	Housing
		Ngwane	Mabuyi	880928 1402 08 9		F	Econ Development
		Mkhize	Dingisono Joubert	530626 5727 08 7	M		Safety and Security
		Phewa	Fikile	820930 0774 08 9		F	Gender
		Mkhize	Thabani	860421 5822 08 2	M		Youth/Education
		Luthuli	Thulasizwe Michael	821010 6778 08 4	M		Arts & Culture
		Shezi	Zama Purity	850321 1132 08 4		F	Sports & Recreation
		Mkhize	Ncamsile	640610 1013 08 7		F	Health/Trad Aff
		Mtungwa	Kusakusa Mboneni	830213 5648 08 9	M		Agriculture
Number of meeting held: 4							

6	WARD CLLR	Ngcongo	Eric		M		
	WC MEMBERS	Mchunu	Bongani	561126 5410 08 3	M		Housing and Agriculture
		Wanda	Nokubonga	900612 0436 08 2		F	Women and Youth
		Mkhize	Senzo Zoereen	880624 5158 08 6	M		Education & Sports
		Langa	Khumbulani Makhekhe	880414 6209 08 2	M		Disable People
		Mbeje	Simphiwe Victor	900113 5440 08 9	M		Disaster
		Ngcongo	Busisiwe	750103 0581 08 6		F	Transport
		Mtolo	Thembisile	780202 1860 08 7		F	Safety and Security
		Phathekile	Sbusiso	771103 5840 08 6	M		Loc Ec & Farm workers
		Mkhize	Thulani	690624 5321 08 3	M		Health, Social D &Farm
		Zuma	Alpheus Shomgani	630628 5714 08 0	M		Traditional Leadership
		Number of Meeting Held : 4					

7	WARD CLLR	Magubane	Mapitso		M		
	WC MEMBERS	Ndlovu	Ntombifuthi Promise	580805 0869 08 1		F	Women/Housing
		Nene	Zanele	751204 0528 08 2		F	Education
		Phewa	Thulani	620722 5876 08 4	M		Water & Sanitation
		Khomo	Thembaletu Ziphumuze	570822 5371 08 0	M		Poverty /agriculture
		Shezi	Nonhlanhla	890801 0589 08 9		F	Youth/Led
		Mkhize	Mzikayifani Michael	670512 5708 08 9	M		Sports
		Mntungwa	Nicholas	631016 5735 08 2	M		Arts & Culture
		Mnguni	Babonani	741017 0709 08 7		F	Transport
		Shezi	Mbongiseni T.D	700612 5468 08 2	M		DSD
		Mkhize	Nelly Hilda	730318 0638 08 3		F	Health
Number of Meeting Held: 4							

MKHAMBATHINI LOCAL MUNICIPALITY
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SERVICE PROVIDER PERFORMANCE SCHEDULE

Company Name	Description	Amount	Start Date	End Date	Performance Satisfaction
					Good /Excellent
Xtec Pmb	Provision of toners and machine usage	R 263 206.97	24 January 2011	24 January 2016	Good
Ion Access	Provision of Internet & mail services	R 417 863.36	October 2012	October 2013	Good
Technology Acceptances	Copier rental	R 110 382.26	24 January 2011	24 January 2016	Good
Aon Insurance	Provision of Insurance services for building and equipment	R 130 535.00	January 2012	January 2013	Good
Pastel	Licence for financial system	R 58 087.94	November 2012	November 2013	Good

Camelsa Consulting	Provision of support for financial system	R 351 978.82	21 January 2013	28 February 2014	Good
CQS Technology	Software license for Section 71 Reports	R 39 699.13	23 September 2012	23 September 2013	Good
Impande Engineers	Project consultants	R 1 356 899.08	18 July 2012	18 July 2015	Good
SPCA	Provision for animal pounding services	R 10 000	January 2012	January 2013	Good
MAMS	Asset management	R 85 004.70	July 2012	June 2013	Good
Payday	HR and payroll system	R 79 175.66	October 2012	October 2015	Good
Coretalk	Provision for sms services	R 10 739.44	August 2012	August 2014	Good
G4S	Collection of money to be banked	R 42 117.88	August 2012	August 2013	Good

S Shange Firearm	Provision of Firearms	R 11 000.00	August 2012	August 2013	Good
Maxprof	Provision of vat services	R 260 028.0 2	July 2012	June 2013	Good

ORGANIZATIONAL PERFORMANCE REPORT 2013/2014

MAYORS FOREWORD

I am pleased to present the Mkhambathini Municipality's Annual Performance Report covering the period 1 July 2013 – 30 June 2014. The report provides a measure of our performance and tracks operational and strategic performance in the context of the Municipality's approved IDP priorities.

To become increasingly accountable in our reporting; and to ensure transparency in respect of our budgetary, monitoring and oversight processes, we present an Annual Report which emphasises on the connection between our strategic planning processes and our operation achievements. Accordingly, we share our successes, and challenges during the year, thereby deepening our communicating with stakeholders and setting the bar high for future performance reporting in all areas of the Municipality's services, infrastructure and administrative delivery.

I would like to take this opportunity to acknowledge efforts to the Municipality's leadership and administration in positively advancing the Municipality's strategic and transformative agenda during the year; and to thank them for their perseverance and readiness in boldly implementing the objectives of the IDP.

Towards 2013/2014 we attained some notable achievement in terms of the Performance Management system, therefore this will allow us an improved way of reporting in the coming year. This entailed further aligning key performance indicators with the strategic priorities that drive our implementation process.

We continue to expand our programmes and we have managed to create 80 EPWP job opportunities, this was a combined initiative between the Municipality and the Department of Agriculture and Environmental Affairs.

We are committed to improving our performance in the year ahead. We are confident that we will meet the expectations of our stakeholders as we drive implementation of our long, medium and short term strategies. This Municipality is intensifying integrated efforts to align the NDP, PGDS and IDP.

The Municipality holds the hopes and aspirations of its entire people. We are committed to our vision which is to provide sustainable services to all communities with emphasis on infrastructure social and economic development in a safe and healthy environment managed by good leadership. We are creating safer caring communities and providing a safety-net for the indigent.

The report addresses issues that are material and provides a fair representation of the performance of the Mkhambathini Municipality for the period ending 30 June 2014.

Cllr T MAPHUMULO

MAYOR

MUNICIPAL MANAGERS FOREWORD

The Municipality recognises the need to create an inclusive economy through increasing the contribution of SMME's to the economy. The Municipality is committed to developing competitiveness, innovation and increased investment through support for SMME's. The Expanded Public Works Programme (EPWP) aims to reduce unemployment and alleviate poverty by creating on-the job training. However it should be noted that there is a long way to go in achieving a totally inclusive economy and to eradicate unemployment.

Notwithstanding recorded achievements, the Municipality acknowledges missed targets. To enhance attainment of these the Municipality is improving its environmental and operational issues, improving capacity with an aim of reducing the use of Consulting firms. Furthermore the municipality is developing a plan to improve the skills of its workforce to ensure improved delivery against set targets.

A detailed review of our performance against SDBIP targets can be found in the report, reflecting where our targets were either met or missed.

The Municipality's biggest asset is its employees who bear responsibility for delivering its mandate to the communities. They are the foundation and drivers of our collective success. Accordingly, the Municipality strives to create value by attracting, developing and retaining skilled and competent people. Through our Human Resources Management function, we are committed to inspiring and growing people through individual development analysis and plans, as well as career management programmes and by recognising performance excellence. The Municipality is committed to recruiting from within its communities while also ensuring a deliberate focus on developing a local skills base where this may not exist.

I would like to express my appreciation for the support received from the Mayor, Cllr TE Maphumulo and political leadership in Council as well as the Municipality Sub-Committee which also encompass the Audit and Performance Audit Committee. Administratively, I would like to thank all staff members who are operationally involved and our senior management for their continuous support. Collectively we remain committed to efficient service delivery and the attainment of a liveable and sustainable Mkhambathini area.

MR DA PILLAY

MUNICIPAL MANAGER

INTRODUCTION

BACKGROUND TO MUNICIPAL PERFORMANCE REPORTING

The Mkhambathini Municipality's Annual Performance Report 2012/13 is compiled in terms of the legislative requirements of Chapter 6 of the Municipal Systems Act, 32 of 2000 and Chapter 12 for the Municipal Finance Management Act, 56 of 2003. The Municipal System Act prescribes the role of each sphere of government in the municipal performance reporting.

PURPOSE OF THE REPORT

The main purpose of this report is to account to the MEC for Local Government, the Provincial legislature, the National Council Of Provinces (NCOP), the Minister of Cooperative Governance and Traditional Affairs, National Treasury, Auditor- General and to the Community of Mkhambathini and the citizen of South Africa on progress being made by municipalities towards achieving the overall goal of "a better life for all". Furthermore, the report is a key performance report to the communities and other stakeholders in keeping with the principles of transparency and accountability of government to the citizens. It subscribes to the South Africa developmental nature of participatory democracy and cooperative governance and responds to the principles of the Constitution, the Batho Pele, White Paper on Local Government, MSA and the MFMA.

THE ASSESSMENT PROCESS AND THE METHODOLOGY FOLLOWED IN COMPILING THE REPORT

Chapter 6 of the MSA requires the municipalities to monitor and measure the progress of their performance by preparing quarterly and mid-year performance reports. These quarterly and mid-year reports make up

the municipalities, annual performance reports as outlined in Section 46 of the MSA, which are submitted to the auditor General, together with the Financial Statement, for auditing. After adopting of the audited performance report by the municipal council (a component of the Annual Report), it must then be submitted to the MEC for Local Government.

LEGISLATIVE OVERVIEW

Section 46 of the Municipal Systems Act requires a municipality to prepare for each financial year a performance report reflecting-

- ❖ The performance of the municipality and of each external services provider during that financial year;
- ❖ A comparison of the performances referred to in paragraph (a) with targets set for and performances in the previous financial year; and
- ❖ Measures taken to improve performance

An annual performance report must form part of the municipality's annual report in terms of chapter 12 of the Municipal Finance Management Act.

Section 121 (1) (3) c) of the Municipal Finance Management Act (MFMA) 56 of 2003, requires that:

(1) Every municipality and every entity must for each financial year prepare an annual report. The Council of a municipality must within nine months after the end of a financial year deal with the annual report of the municipality and of any municipal entity under the municipality's sole or shared control in accordance with section 129.

3) The annual Report of a municipality must include

c) the annual performance report of the municipality prepared by the municipality in terms of section 46 of the Municipal Systems Act.

Section 129 (1) a) – c) of the Municipal Finance Management Act (MFMA) 56 of 2003, requires that:

(1)The Council of a municipality must consider the annual report of the municipality and of any municipal entity under the municipality's sole or share control, and by no later than two months from the date on which the annual report was tabled in the council in terms of section 127, adopt an oversight report containing the council's comments on the annual report, which must include a statement whether the council:

- a) Has approved the annual report with or without reservations;*
- b) Has rejected the annual report; or*
- c) Has referred the annual report back for revision of those components that can be revised.*

Every attempt has been made to align the submission of this Annual Performance Report with the submission of the Annual Financial Statement for the Office of the Auditor General.

LESSONS LEARNT

Reporting requires that the priorities of the organisation, its performance objectives, indicators, targets, measurements and analysis, are taken and presented in a simple and accessible format, relevant and useful to the specified target groups for the reader's need in reviewing performance, the existence of too many reporting formats can become both confusing and burdensome to the organisation. The ideal situation is the existence of one reporting format that contains the necessary information for all users, yet remains simple and accessible to all users.

It also apparent that in order for an effective PMS, it is necessary for all stakeholders to be involved in the planning, monitoring and review process. It should be noted that there is a need for the streamlining of

oversight activities by the Council and Community through processes specified in a framework to be aligned to other key strategic processes of the organisation.

Furthermore one of the critical factors influencing performance in the value chain and instilling a culture of performance, this would include amongst others – change management and team building techniques, awareness of and practicing of Batho Pele principles and a Code of Ethics. The leadership and management processes are key to ensuring an outcome driven entity with recognition and acknowledgment systems being implemented. It is therefore deemed appropriate to ensure that performance management is cascaded down to all levels of employees.

For the performance Management process to be efficient, it is necessary for all involve to be aware of the importance and reporting requirements of the PMS process. Subsequently a more formalised manual reporting systems needs to be devised and understood by all before an automated system is implemented to ensure accurate reporting that is aligned to financial reporting processes. This must be followed by effective risk management and internal audit processes to ensure that review mechanisms are implemented timely.

The institutional arrangements within the organisation must be such that it supports the process, this would include sufficient capacity to lead the process and to ensure that compliance issues are administered. The need for each department to also identify performance champions administratively to co-ordinates performance information to support performance managers and leaders is critical for ensuring compliance with reporting requirements. This would include adequate administrative system such as record keeping, consistency with administrative support officials. Furthermore, ongoing awareness and training is necessary to ensure that the entity is up-to-date with all performance related issues and how this integrates into other municipal processes.

The need for improved intergovernmental relations to ensure streamlining of performance based reporting processes is also necessary. This would require that all spheres of government integrate and coordinate these reporting requirements through the identification and rationalization of key performance indicators aligned to the National Growth Path. Furthermore, the alignment to the national government Medium Term

Strategic Framework and National Priorities is necessary to ensure that all spheres of government are striving towards common goals and targets. It is also deemed appropriate for a common reporting, monitoring and assessment process to be developed and for all spheres of government in respect of specific key interventions/performance areas.

DEVELOPMENT STRATEGY

The development strategy for the Municipality is designed to fit-in and give effect to the intention of both the national and provincial development strategies. This includes at a National Development Plan (Vision 2030) and various government programs. The Municipal IDP also fits within the provincial development framework as set out in the PGDS. The Municipality's strategy covers the following:

- ✚ Strategic fit (alignment with national and provincial development strategies).
- ✚ MLM long-term strategic direction and organizational culture.
- ✚ MLM short-to-medium term strategies and action plans.

ALIGNMENT WITH NATIONAL AND PROVINCIAL STRATEGIES

Strategic Fit: National

The strategic approach is meant to highlight the impact that the municipality seeks to create in the short to long term period. As indicated in the IDP, in addition to Outcome 9, the Municipality will contribute to the attainment of outcomes 2, 4, 6, 8, 10 and 12 with the 5 KPAs as the strategic areas for intervention. As such, the development strategy for the Municipality is designed to address issues that are specific to the Municipality whilst also contributing to the attainment of the National and Provincial Priorities.

LOCAL GOVERNMENT TURN AROUND STRATEGY

In line with the national turnaround strategy, the Municipality also strives to address the turnaround priorities as identified below. The PMS of the municipality caters for the monitoring of targets set against these activities as included in the IDP.

The outcome of meeting these objectives as identified by the Local Government Turnaround Strategy include:

- ❖ The provision of household infrastructure and services;
- ❖ The creation of liveable, integrated and inclusive cities, towns and rural areas;
- ❖ Local economic development; and
- ❖ Community empowerment and distribution

Accordingly the Municipality has prioritised the following as part of the municipal turnaround strategy:

- ❖ Service delivery (maintain existing levels & Rehabilitation of infrastructure and backlogs)
- ❖ Fast Track Sustainable Human Settlements through Housing and Rural Development Program
- ❖ Develop Consolidated Infrastructure Plan and Capital Investment Plan for implementation.
- ❖ Debt Management – increase payment factor
 - Revenue enhancement
 - Debt Control
 - Revenue Collection
- ❖ Integration and co-ordination (Establishment of Economic Forums)
- ❖ Clean Audit by 2014;
- ❖ Intergovernmental relations;
- ❖ Identify infrastructure that supports economic development;
- ❖ Development of Communication Strategy; and
- ❖ The establishment of the poverty and unemployment eradication strategy by 2015.

LOCAL GOVERNMENT OUTCOME 9

The national government has adopted an Outcomes Based Approach to development as a means to focus government initiatives and manage public expectations. Based on the Medium Term Expenditure Framework (MTEF), Outcome 9 deals with local government and affects the Municipality directly. It moves from a premise that local government is a key part of the reconstruction and development effort in South Africa and that aims of democratizing society and growing the economy inclusively can only be realized through a responsive, accountable, effective and efficient local government system that is part of a development state. The Municipality PMS also supports Outcome 9 and specific KPI's aligned to outputs specified below are included in both the Organisational scorecard and SDBIP's.

The government has identified the following outputs for Outcome 9:

- ❖ Output 1: implement a differentiated approach to municipal financing, planning and support.
- ❖ Output 2: improving access to basic services
- ❖ Output 3: Implementation of the Community Work Programme
- ❖ Output 4: Actions supportive of the human settlement outcome
- ❖ Output 5: Deepen democracy through a refined Ward Committee Model
- ❖ Output 6: Administrative and financial capability
- ❖ Output 7: Single window of coordination

PRIORITY ISSUES AS IDENTIFIED IN THE 3RD GENERATION IDP

- Delivery of human settlements – housing;
- Upgrading and expansion of existing infrastructure;
- Poverty and unemployment;
- Rural development and Urban renewal;
- Public participation and Governance;
- Infrastructure Investment Program;
- Debt collection and management;

VISION

The following vision statement for the Municipality were formulated at a strategic planning session with active participation of both administrative and political components of the municipality. The vision commits the municipality to sustainable, integrated, equitable and effective development.

BY THE YEAR 2020, MKHAMBATHINI LOCAL MUNICIPALITY WILL BE A SUSTAINABLE DEVELOPMENTAL MUNICIPALITY WITH IMPROVED QUALITY OF LIFE FOR ITS ENTIRE PEOPLE IN AREAS OF BASIC SERVICES, SOCIAL, ECONOMIC

ORGANISATIONAL SCORECARD 2013/14 ANALYSIS

The above-mentioned strategic priorities as identified in the IDP, cascades into the performance management system of the municipality through the annual organisational scorecard (**Appendix A**).

SERVICE DELIVERY BUDGET IMPLEMENTATION PLAN (SDBIP) 2013/14

Performance on the SDBIP's for each of the departments is attached as **Appendix A**, with the assessment being done on the reviewed Actuals against Portfolio of Evidence submitted by department heads. This is still subject to an auditing and verification process. This report is also subject to a formal evaluation process being conducted by the Municipal Manager.

The methodology used for the assessment is based on the rating calculator for the Municipal Manager and managers directly accountable to the Municipal Manager, as well as the Dashboard used by the Auditor-General. The scorecards were reviewed against actuals reported against submission of portfolio of evidence which was also subject to an internal audit process.

The total number of KPI's on the performance score-cards (Departmental SDBIP's) is 98 (relevant and applicable) of which targets on the scorecard forms the basis of this assessment.

The following is a representation of performance by Department:

Department	Target Met	Target Not Met	Target In Progress/Partially Achieved	Total Number of KPI's
Municipal Manager	13	0	4	17
Financial Services	20	2	3	25
Technical Services	11	2	1	14
Corporate Services	9	7	5	21
Community Services	10	8	3	21
Total				98

Organisational Scorecard attached as appendix to the Annual Report

SERVICE PROVIDER PERFORMANCE REPORT

Section 46 (1) (a) (b) states that “(1) A municipality must prepare for each financial year a performance report reflecting:

- (a) the performance of the municipality and of each external service provider during that financial year;
- (b) a comparison of the performance referred to in paragraph (a) with targets set for and performance in the previous financial year, and
- (c) Measures taken to improve performance.

The municipality have taken strides to ensure compliance with the above quoted legislation however in terms of services provider performance comparison are sometimes not possible due to the fact that project are completed within the particular financial year. The comparisons however in terms of performance of the municipality has been achieved. This is indicated in the document attached as annexure B

External Service Provider	SERVICE PROVIDED IN TERMS OF SIGNED SLA	TENDER AMOUNT FOR 2013/2014	TIME FRAME	2013/2014 Assessment	2012/2013 Assessment
Impande Engineers and Project Managers	Construction		18 July 2012 – 15 July 2015	Good	Good
Camelsa Consulting	Financial Management System Monitoring	R 216 000.00	01 February 2013-28 February 2014	Good	Good
AAROT Solutions (PTY) Ltd	Internal Auditing	R 672 000.00	15 July 2013 – 15 July 2016	Good	N/A
CQS Technology Holding	Case-Ware	R203 550.00	29 August 2013-30 September 2014	Good	Good
Metgovis	Fixed Assets	R180 405.00	2012/2013 Financial Year End	Satisfactorily	N/A
Regent Business School Pty Ltd	Training	R22 834.20	01 July 2013-30 June 2015	Good	N/A
Xtec PMB	Photocopy Machine	R169 354.80	15 November 2010-30 December 2015	Satisfactorily	Good
Vodacom	Cellular Contracts	R17 916.00	01 July 2013-30 August 2015	Good	Good
Technology	Rental	R74 640.00	15 November	Good	Good

Acceptance s Fintech	Services		2010-30 December 2015		
Payday	Payroll System	R135 172.0 8	18 October 2012- 30 November 2015	Good	Good
MTN Core Talk	Rental Services	R128 868.0 0	01 August 2012-30 September 2014	Good	Good
MTN	Rental Services	R43 200.00	01 August 2012- 30 June 2022	Good	Good
ION Consulting	Internet Access Services	R90 383.76		Good	Good
AON Insurance (PTY) LTD	Short-term Insurance	R304 275.0 0		Good	Good
Microsoft	ICT Service Provider	R1 898 031.60		Good	Good
Ambius Plants	Plant & Pot Rental & Maintenanc e	R2 517.12		Good	Good
G4S	Banking Services	R42 838.68		Good	Good
S Shange	Firearm Lease	R55 200.00		Good	Good
Steiner Hygiene	Hygiene	R67 110.72		Good	Good

1=UNACCEPTABLE PERFORMANCE 2 = NOT FULLY EFFECTIVE 3= FULLY EFFECTIVE 4= ABOVE EXPECTATION 5=OUTSTANDING PERFORMANCE

OVERALL COMMENT

- The progress and performance made in respect of meeting organisational and operational targets is commended.
- Additional monitoring, evaluation and review at a departmental level on at least a monthly basis, is compulsory to encourage adherence to planned programmes especially the capital programmes.
- Internal co-ordination systems and processes require review to ensure improved co-ordination.
- Internal Auditing processes should be seen as supportive of and value-adding to the performance management process.
- Record keeping and document management approaches will determine the quality of the evidence to be submitted for evaluation purposes.
- Performance management capacity to be increased organisation-wide to improve accountability.

GENERAL RECOMMENDATIONS FOR IMPROVEMENT

- Performance Management should be a standing item in the Management Committee Meetings;
- That Heads of department ensure that the performance information and the Portfolio of Evidence are submitted timeously;
- That evidence submitted is signed off in order to ensure that information is valid; reliable and correct.
- That where applicable, the department communicates with the responsible department to merge certain Key Performance Indicators and provide information corresponding to each other for alignment purposes.
- That Head of department and responsible managers conduct monthly meetings to monitor compliance with all targets and reporting requirements.
- That alignment of financial and non-financial performance information be fast tracked and that Financial Services Department support departments in this regard.
- Regular monitoring and oversight required for all targets set.
- That project task teams be established for all projects where co-ordination and integration are required.
- That a system be developed to ensure monitoring of all service providers.

- That a baseline study be conducted on basic services to ensure alignment with internal statistics, Stats-SA and other sources.
- Monthly reporting system should be introduced.
- Personal Assistant to be trained in terms of collating the evidence.